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THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

Case No. UKRAINE-EO13661-13321

EVIDENTIARY MEMORANDUM

(U) MEMORANDUM FOR: JOHN E. SMITH [REDACTED] for TES 4-5-2018
DIRECTOR
OFFICE OF FOREIGN ASSETS CONTROL

(U) THROUGH: GREGORY T. GATJANIS [REDACTED] TG
ASSOCIATE DIRECTOR
OFFICE OF GLOBAL TARGETING
TODD C. CONKLIN [REDACTED]
DEPUTY ASSOCIATE DIRECTOR
OFFICE OF GLOBAL TARGETING

LEILA M. BAHERI
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ACTING SECTION CHIEF
GLOBAL WMD, MID-EAST EURASIA DIVISION
RUSSIA-UKRAINE/SYRIA SECTION

(U) FROM: [REDACTED]
GLOBAL WMD, MID-EAST EURASIA DIVISION
RUSSIA-UKRAINE/SYRIA SECTION

(U) SUBJECT: OLEG VLADIMIROVICH DERIPASKA: Designation
Pursuant to Executive Order 13661 of March 16, 2014, "Blocking
Property of Additional Persons Contributing to the Situation in
Ukraine" and Executive Order 13662 of March 20, 2014,
"Blocking Property of Additional Persons Contributing to the
Situation in Ukraine"

(U) I. INTRODUCTION

(U) On March 16, 2014, the President issued Executive Order 13661, "Blocking Property of Additional Persons Contributing to the Situation in Ukraine," ("E.O. 13661"). [Exhibit 1]

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(U) E.O. 13661 blocks the property and interests in property of any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to meet one or more of the criteria in E.O. 13661. [Exhibit 1]

(U) On March 20, 2014, the President issued Executive Order 13662, "Blocking Property of Additional Persons Contributing to the Situation in Ukraine," ("E.O. 13662").

(U) E.O. 13662 blocks the property and interests in property of any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to meet one or more of the criteria in E.O. 13662. [Exhibit 2, p. 1]

(U//~~FOUO~~) On July 16, 2014, the Secretary of the Treasury, in consultation with the Secretary of State, determined that section 1(a)(i) of E.O. 13662 shall apply to the energy sector of the Russian Federation economy. [Exhibit 3, p. 1]

(U) Information presented in this memorandum and accompanying exhibits provides reason to believe that **OLEG VLADIMIROVICH DERIPASKA**, has acted or purported to act for or on behalf of, directly or indirectly, a senior official of the Government of the Russian Federation, [Exhibit 1, p. 1] and operates in the energy sector of the Russian Federation economy [Exhibit 2, p. 1] and therefore should be added to the list of Specially Designated Nationals and Blocked Persons.¹

(U) II. IDENTIFYING INFORMATION

- (U) **OLEG VLADIMIROVICH DERIPASKA** [Exhibit 4, p. 5]
- (U) D.O.B.: January 2, 1968 [Exhibit 4, p. 4]
- (U) P.O.B.: Dzerzhinsk, Nizhny Novgorod Region, Russia [Exhibit 5, p. 1]
- (U) Address: Moscow, Russia [Exhibit 6, p. 1]
- (U) alt. Address: 64 Severnaya Street, Oktyabrsky, Khutor, Ust-Labinsky District, Krasnodar Territory, Russia 352332 [Exhibit 29, p. 1]
- (U) alt. Address: 5, Belgrave Square, Belgravia, London, SW1X 8PH, United Kingdom [Exhibit 7, p. 2] [Exhibit 8, p. 1]
- (U) Gender: Male [Exhibit 6, p. 1]
- (U) Citizenship: Russia [Exhibit 6, p. 1]
- (U) alt. Citizenship: Cyprus [Exhibit 12, pp. 1 and 2]

¹ (U) The name of the proposed target will appear in BOLD CAPITAL letters. Throughout this memorandum, an asterisk (*) following a name in ALL CAPS denotes an individual or entity whose property and interests in property have been blocked.

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(U) III. BASIS FOR DETERMINATION

(U) OLEG VLADIMIROVICH DERIPASKA (DERIPASKA)

(U) DERIPASKA has acted or purported to act for or on behalf of, directly or indirectly, a senior official of the Government of the Russian Federation²

(S//NF) DERIPASKA Has Acted in Support of Russian President Vladimir Putin's Projects

~~(S)~~ [REDACTED]

[Exhibit 14, p. 2]

~~(S//NF)~~ [REDACTED]

[Exhibit 15, pp. 2 and 3]

~~(S)~~ [REDACTED]

[Exhibit 16, p. 2]

(U) The Nation reported on October 1, 2008, that DERIPASKA told one of his closest associates that he bought an aluminum plant in Montenegro in 2005 "because Putin encouraged him to do it. ...the Kremlin wanted an area of influence in the Mediterranean." [Exhibit 22, p. 5]

² ~~(S//NF)~~ Investigator Comment: The Endeavor Group, which provided legal advice to DERIPASKA on issues regarding his U.S. visa, asserted in its May 2009 Foreign Agents Registration Act ("FARA") filing of lobbying on his behalf that DERIPASKA was not supervised, owned, directed, controlled, financed, or subsidized by a foreign government, foreign political party or other foreign principal. [Exhibit 13, pp. 1-3] However, OFAC assesses that DERIPASKA has acted on behalf of senior Russian officials, such as President Vladimir Putin, as demonstrated by the information in this evidentiary memorandum.

³ ~~(S)~~ [REDACTED]

[Exhibit 14, p. 1]

⁴ ~~(U)~~ [REDACTED]

[Exhibit 15, p. 2]

~~(S//NF)~~ [REDACTED]

[Exhibit 13, pp. 2-3]

⁵ ~~(S)~~ [REDACTED]

[Exhibit 16, p. 1]

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(TS) [REDACTED]

[Exhibit 23, pp. 1-2]

(S//NF) [REDACTED]

(S//NF) [REDACTED]

[Exhibit 18, p. 2]

(S//NF) [REDACTED]

[Exhibit 19, p. 2]

(S//NF) [REDACTED]

[Exhibit 20, p. 3]

(U) DERIPASKA Operates in the Energy Sector of the Russian Federation Economy

(U) According to DERIPASKA's web site, accessed on March 22, 2018, DERIPASKA is involved in several World Economic Forum projects including ones on "New Energy Architecture" and the "Interaction between the Power Industry and Society." As part of his work

⁷ (U) [REDACTED]

[Exhibit 18, p. 2]

⁸ (S//NF) Investigator Comment: Gaz is actually a DERIPASKA business that manufactures commercial vehicles. [Exhibit 23, p. 2]

(U) [REDACTED]

[Exhibit 19, p. 2]

⁹ (U) [REDACTED]

[Exhibit 20, p. 2]

¹⁰ (U) On July 29, 2014, pursuant to E.O. 13662, OFAC imposed sanctions against VTB BANK*, prohibiting U.S. persons from providing new financing and limiting their access to U.S. capital markets. [Exhibit 21, p. 1]

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on the APEC Business Advisory Council, DERIPASKA focuses on multiple issues including energy efficiency and energy security. At a February 2012 meeting of the Council, DERIPASKA's representative presented the North East Asian Region Electrical System Ties Initiative (NEAREST), whose goal is to improve ties between the power grids of Eastern Siberia, Northern and North Eastern China, Japan, and South Korea through the creation of a transnational power grid in Northeast Asia. [Exhibit 24, pp. 1 and 3]

(U) According to DERIPASKA's web site, as of January 31, 2018, DERIPASKA's key companies operate in multiple sectors of the economy, to include the energy sector. EuroSibEnergo is the largest private power company in Russia, and produces around 9 percent of Russia's total electricity generation. [Exhibit 25, pp. 1 and 5]

(U) According to a November 3, 2017 prospectus of an offering, EN+ Group¹² was initially established to hold certain aluminum and alumina assets acquired by DERIPASKA. It eventually evolved to become "a leading international vertically integrated aluminum and power producer" with core assets located in Russia. All power assets owned by companies related to DERIPASKA were combined under EuroSibEnergo plc, a Cypriot intermediary holding subsidiary of EN+ Group. As of the date of the prospectus, EN+ Group¹³ owned 100 percent of EuroSibEnergo plc which in turn owned 100 percent of JSC EuroSibEnergo in Russia. [Exhibit 26, pp. 7, 9, 20, and 25] According to EuroSibEnergo's web site, as of February 12, 2018, EuroSibEnergo, a part of EN+ Group, is the largest independent power company in Russia, operating power plants across Russia, and one of the largest hydropower generation companies in the world. EuroSibEnergo produces around 9 percent of Russia's total electricity volume and is Siberia's largest power producer. [Exhibit 27, pp. 1 and 2]

(U) Additional Information

(S//NF) Pursuant to Section 241 of the Countering America's Adversaries Through Sanctions Act of 2017 (CAATSA), the U.S. Department of the Treasury submitted a report to Congress, dated January 29, 2018, that identifies senior foreign political figures and oligarchs in the Russian Federation. [REDACTED]

[Exhibit 28, pp. 1, 2, and 6]

¹² (U) The prospectus states that after the offering is completed and an option in it is fully exercised, DERIPASKA's holding in EN+ Group would be 65.2% upon admission to the London Stock Exchange. [Exhibit 26, p. 4]

¹³ (U) Investigator Comment: Although identified on page 9 of Exhibit 26 as EN+ Group Limited, OFAC assesses this to be EN+ Group plc based on its consistent usage throughout the exhibit while EN+ Group Limited is only used the single time.

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(U) In a declaration filed with the Supreme Court of the State of New York County of New York on June 9, 2016, DERIPASKA stated that, "I have a diplomatic passport from Russia, and on occasion I have represented the Russian government in countries outside Russia." [Exhibit 17, p. 4]

(U) On October 28, 2008, the *Financial Times* reported that DERIPASKA had previously told the newspaper that he would give up his company RUSAL if the Russian government asked him to, noting, "I don't separate myself from the state. I have no other interests." [Exhibit 11, p. 5]

(U) On July 10, 2012, *The Telegraph* reported that an Uzbek businessman, Djalol Khaidarov, told U.S., Israeli, and Russian prosecutors that DERIPASKA was involved in bribing a governor in Siberia to secure the takeover of an aluminum plant. Khaidarov also claimed that DERIPASKA was a member of an organized crime group and ordered the murder of a businessman in 1995. [Exhibit 9, p. 1] The previous day, July 9, *The Times* reported that in testimony to a German court, Khaidarov¹⁴, claimed DERIPASKA had links to a Russian organized crime group, stating that, "one could certainly say he [DERIPASKA] knew about the murders and operating methods [of the Russian mafia]." The judge in the case said that even though he implicated himself in criminality Khaidarov's testimony was credible, adding that "there were no indications of ostentatious grudge-settling." [Exhibit 10, pp. 1 and 2]

(U) *The Nation* reported on October 1, 2008 that DERIPASKA has been investigated for money-laundering in Germany as well as accused of threatening the lives of two rivals in the aluminum industry in the United States and illegally wiretapping an Israeli official. These along with other accusations of involvement in extortion and racketeering resulted in DERIPASKA being denied a visa to enter the United States, with only a brief lapse, since 1998. [Exhibit 22, pp. 6, 7, and 9]

¹⁴ (U) Investigator Comment: Although spelled in this exhibit as "Dchalol Hajdarov," "Djalol Khaidarov" will be used throughout this memorandum for consistency.

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(U) LIST OF EXHIBITS

- (U) Exhibit 1: Executive Order 13661 of March 16, 2014, "Blocking Property of Additional Persons Contributing to the Situation in Ukraine," 79 Fed. Reg. 15535 (March 19, 2014). (U)
- (U) Exhibit 2: Executive Order 13662 of March 20, 2014, "Blocking Property of Additional Persons Contributing to the Situation in Ukraine," 79 Fed. Reg. 16169 (March 24, 2014). (U)
- (U) Exhibit 3: U.S. Department of the Treasury, "Determination Pursuant to Section 1(a)(i) of Executive Order 13662," July 16, 2014. (U//FOUO)
- (U) Exhibit 4: *Bloomberg*, "Bloomberg Billionaires Index #179 Oleg Deripaska," available at www.bloomberg.com/billionaires/profiles/oleg-deripaska/, accessed January 31, 2018. (U)
- (U) Exhibit 5: Web site of Oleg Deripaska, Family, available at www.deripaska.com/about/biography/, accessed January 31, 2018. (U)
- (U) Exhibit 6: *Forbes*, Oleg Deripaska, available at www.forbes.com/profile/oleg-deripaska/, accessed January 31, 2018. (U)
- (U) Exhibit 7: *The Guardian*, "Mega-Rich Homes Tour Puts Spotlight on London's Oligarchs," Luke Harding, February 4, 2016, available at www.theguardian.com/uk-news/2016/feb/04/mega-rich-homes-tour-london-oligarchs-russia-alexei-navalny-putin. (U)
- (U) Exhibit 8: Google.com, 5 Belgrave Square London, available at www.google.com/maps/, accessed February 28, 2018. (U)
- (U) Exhibit 9: *The Telegraph*, "Oligarch Linked to Politicians 'Ordered Murder of Banker,'" Sam Marsden, July 10, 2012, available at www.telegraph.co.uk/finance/financial-crime/9387913/Oligarch-linked-to-politicians-ordered-murder-of-banker.html. (U)
- (U) Exhibit 10: *The Times*, "Billionaire 'With Mafia Links Spied on Rivals,'" Roger Boyes and Alex Spence, July 9, 2012, available at www.thetimes.co.uk/article/billionaire-with-mafia-links-spied-on-rivals-5bgt5k5brb6. (U)
- (U) Exhibit 11: *Financial Times*, "Close to the Wind: Russia's Oligarchs," Catherine Belton, October 24, 2008, available at www.ft.com/content/d96aa8ac-a1f9-11dd-a32f-000077b07658. (U)
- (U) Exhibit 12: OCCRP, "Russian Billionaire Linked to Trump, Manafort Has New Cyprus Passport," Sara Farolfi and Stelios Orphanides, March 5, 2018,

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available at: www.oocrp.org/en/goldforvisas/russian-billionaire-linked-to-trump-manafort-has-new-cyprus-passport. (U)

- (U) Exhibit 13: U.S. Department of Justice, Foreign Agents Registration Act Filing – Endeavor Group, May 8, 2009. (U)
- (U) Exhibit 14: [REDACTED]
- (U) Exhibit 15: [REDACTED] (S//NF)
- (U) Exhibit 16: [REDACTED]
- (U) Exhibit 17: Declaration of Oleg Deripaska in Opposition to Gliklad's Motion for Summary Judgement and in Support of Deripaska's Cross Motion, Alexander Gliklad v. Oleg Deripaska, 652641/2015 (Supreme Court of the State of New York County of New York), filed on June 9, 2016. (U)
- (U) Exhibit 18: [REDACTED] (S//NF)
- (U) Exhibit 19: [REDACTED] (S//NF)
- (U) Exhibit 20: [REDACTED] (S//NF)
- (U) Exhibit 21: U.S. Department of the Treasury web site, Press Release, "Announcement of Additional Treasury Sanctions on Russian Financial Institutions and on a Defense Technology Entity," July 29, 2014, available at www.treasury.gov/press-center/press-releases/Pages/jl2590.aspx. (U)
- (U) Exhibit 22: *The Nation*, "McCain's Kremlin Ties," Mark Ames and Ari Berman, October 1, 2008, available at www.thenation.com/article/mccains-kremlin-ties/. (U)
- (U) Exhibit 23: [REDACTED]
- (U) Exhibit 24: Web site of Oleg Deripaska, Initiatives, available at www.deripaska.com/business/, accessed March 22, 2018. (U)
- (U) Exhibit 25: Web site of Oleg Deripaska, Business, available at www.deripaska.com/business/, accessed January 31, 2018. (U)
- (U) Exhibit 26: EN+ Group, "Prospectus," November 3, 2017, available at www.enplus.ru/content/dam/enplus/corporate/investors/regulatory-news/enplus-group-prospectus.pdf. (U)
- (U) Exhibit 27: Web site of EuroSibEnergo, www.eurosib.ru/en/, accessed February 12,

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2018. (U)

(U) Exhibit 28:

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(U) Exhibit 29:

Complaint - Oleg V. Deripaska v. The Associated Press, 1:17-cv-00913,
May 5, 2017 (DC). (U)

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